



**SOUTHWEST ALASKA MUNICIPAL CONFERENCE**

**BOARD MEETING**

December 20<sup>th</sup>, 2012 at 9:30 a.m.

Call-in information: 888.550.5602

Passcode: 2722 0305

**AGENDA**

**I. Call to Order**----- **Marquardt**

Marquardt called meeting to order at 9:35 AM.

**II. Roll Call** ----- **Varner**

*Board present:* Layton Lockett, Shirley Marquardt, Paul Gronholdt, Patrick Jordan, Alice Ruby, Kathleen Totemoff, Louise Stutes, Trevor Brown & Glen Gardner, Joe Sullivan; *quorum established;* *Staff present:* Andy Varner & Erik Obrien.

**III. Approval of Agenda** ----- **Ruby**

With no objections, Marquardt approved Agenda.

**IV. Consent Agenda**----- **Ruby**

A. *Board minutes for November 21<sup>st</sup>, 2012*

Marquardt moved to approve consent agenda, motion to approve by Jordan, 2<sup>nd</sup> by Stutes; Agenda approved.

**V. Policy and Program Issues**----- **Varner**

A. *Naknek Electric Association Debt Letter of Support*

Varner confirmed Board had received and read letter from Naknek Electric Association (NEA) requesting SWAMC to support State funding to offset debts incurred while investigating geothermal energy, in the amount of \$38 million. Varner notified Donna Vukich, the letters author that any support would require Board discussion. Jordan added that he provided a letter of support from Bristol Bay Borough (BBB), but left the details of his support vague, as NEA's request was not clear. Jordan explained NEA's importance to BBB required the utility to address its problems and move forward with some solution; Mayor O'Hara signed the BBB letter of support. Marquardt agreed that NEA's letter was vague, leaving the reader wondering what exactly was being requested. Marquardt cautioned that the Board should consider how the request would reflect on SWAMC's future requests for State funding. Gronholdt called a procedural *Point of Order* to note that the Board should consider the implications of a *No Vote* from SWAMC, and instead offered that the letter be could be *Tabled* as to show inaction based on the need for more information. Stutes offered that she was uncomfortable taking a position on the request, based on what it would mean for future requests from SWAMC, and agreed with Gronholdt's *Point of Order* to *Table* the request. Garner agreed. Ruby disagreed; the letter vague intentionally so that organizations, such as SWAMC could provide vague support in whatever fashion it felt comfortable. Ruby suggested drafting a letter and *Couching* it in terms that supported the rate payers of the region; recognizing there is a problem facing those residents of BBB. Sullivan shared concerns that the NEA letter was poorly drafted, leaving any support ambiguous. "What is the money for, and whom would it go to?" Sullivan suggested that more information is needed, especially how a State bailout for NEA would affect other Southwest project funding. Totemoff mentioned concerns with bailing out any one organization, and the risks that could have on future decision-making, and especially the reputation of SWAMC to reach balanced support from State Government; she also cautioned against the *Moral Hazard* of relying on bailouts. Stutes agreed that SWAMC's reputation in asking for State funding required the Board to weigh any request against how the outcome could affecting future funding for the Region. Jordan warned that the cost of energy could have a negative effect on industrial customer's decision to continue purchasing

power from NEA, which could have an overall negative effect on residential customer rates – which are already scheduled to rise between 1-2 cents a year for the next 10 years. Marquardt summed up that Board support was not unanimous based on the information presented by NEA’s request.

Sullivan made a motion to *Table* the request from NEA until a time when more information became available, second by Stutes. Speaking to the *Motion*: Sullivan is not unwilling to vote the request down, but more information is needed before taking future action, *Tabling* the motion will provide an avenue to receive more information before a decision can be made. Gronholdt called a *Point of Order* that a time-period needed to be defined for *Tabling* the motion. Sullivan clarified the motion to *Table* the request was indefinite. Jordan mentioned that the issue was time sensitive. Marquardt confirmed that a motion has been made and seconded to *Table* the request indefinitely, until a time that more information is made available to clarify the request, and requested any more discussion before a vote is made on this issue.

Varner called a vote on the Motion: Yes – Locket, Marquardt, Gronholdt, Ruby, Totemoff, Stutes, Brown, Gardner, Sullivan; NO – Jordan; Motion passes 9-1.

Ruby offered as a courtesy to our member (NEA – is not actually a current member) SWAMC staff draft a letter to NEA notifying them of the Board decision. With no objections, Varner will provide a letter to NEA explaining the Boards current position, and the need for more information. Sullivan suggested mentioned in the letter that the Board would like to know what affect State funding for NEA would have on other Southwest projects. Jordan noted that BBB’s number one request for the current FY13 is for a Water-Wastewater overhaul, in an amount nearing \$30 million.

**B. 2013 Conference Updates**

Marquardt mentioned the importance of written community support for continued ferry service. Gardner mentioned that each of the affected communities should draft a resolution in support of transportation service and infrastructure, and Varner suggested a resolution from SWAMC doing the same on behalf of the region.

**VI. Governance Issues**----- **Varner**  
*Nothing to report*

**VII. Financial Report**----- **Varner**

**A. November 2012 Financial Statements**

Varner mentioned that the only note on Financing is that Sponsorships are needed and encouraged Board members to be cognizant of financially sound companies that would be able to contribute to SWAMC. Gronholdt moved to approve November Financial Statements, 2<sup>nd</sup> by Stutes; Financials Approved.

**VIII. Staff Report**----- **Staff**

**IX. Board Comments**

Jordan noted that he would be leaving BBB to join the City of Unalaska in January, and that someone would be needed from Bristol Bay.

Ruby wished everyone Happy Holidays!

**X. Adjourn** ----- **Marquardt**

Meeting adjourned at 10:35am.

**Next Meeting**  
January 17<sup>th</sup>, 2013 @ 9:30am